



U.S. Department of the Interior
"To-Be" Trust Business Model
Process Template

Title: Investment Operations

Identify the process in the "Verb Noun" format. (Ex: Maintain Ownership)

Process Number
FO.2

1. Process Definition *Provide an overview of the process and define its starting and ending points*

1.1 Starts With	Determine the funds available for investment and review the investment options that the beneficiaries have chosen
1.2 Process Overview	<p>This process evaluates the market condition and purchases and sells securities in accordance with the tribal and IIM account investment strategies. It also provides investment performance for accounts through the trust performance measurement systems.</p> <p>Before the Investment Operations process begins, the following occurs:</p> <ul style="list-style-type: none">• The Investment Committee conducts a review of assets held for investment in tribal portfolios and the IIM pool. It also structures, manages, and develops investment portfolios and models.• Beneficiary servicing office personnel meet with tribes or IIM account holders who wish to invest their account balances and help them decide on the investment strategy they would like to pursue. The beneficiary chooses an investment strategy from those developed by the Investment Committee. <p>The Trust Services, Investment staff reviews investment strategies selected by the beneficiary and the trust accounting system automatically determines whether a beneficiary account contains funds available for investment. If the investment criteria are not met, the funds are pooled with other beneficiary funds and swept to invest short term with Treasury (referred to as "overnighters").</p> <p>An investment contractor calculates the short-term investment amount and calls into Treasury. Pool balances are updated. If the beneficiary account balances are sufficient for investment, the contractor determines what investments to make and a broker places orders to purchase or redeem securities. Funds are disbursed for the investment and the appropriate beneficiary accounts are posted. The contractor also verifies income payable for the day and reconciles differences from the previous day.</p> <p>A system-generated report of investment activity is available for the omnibus reconciliation. The report is also available to the beneficiary servicing office.</p>
1.3 Stops With	An investment activity report

2. Trust Business Objectives *Identify the Comprehensive Trust Model strategic goals and business objectives to which this process contributes.*

Goal/Objective
Manage and invest fund assets to provide prudent rates of return in accordance with appropriate statutes and investment strategy options while considering the best interests of the beneficiaries



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3. How should Beneficiaries be involved in this process?

Beneficiary Involvement

The beneficiary meets with the beneficiary servicing office to establish investment strategies and distribution plans.

4. Organizations, Offices and Roles. Identify the DOI organizations and related roles that should be involved in performing the process.

4.1 DOI Organizations. Identify the DOI organizations, offices and individual roles that contribute to this process.

DOI organizations include the Office of the Secretary, BIA, OST, BLM, MMS, OHA, OSM among others. Offices include Central Offices, Regional Offices, Agency (Field) Offices, etc. All individual roles that contribute, in a significant manner, should be identified.

Organization	Office	Role	Contribution
OST	Trust Services, Investment		Review investment strategies, determine funds available for investment Project income Post beneficiary accounts Verify and reconcile custodian transactions, including buys, sells, maturities and calls Research and correct out-of-balance securities Provide periodic review and quality control of investment operations

4.2 Non-DOI Organizations. Identify the non-DOI organizations that support the execution or control of this process.

External Organization	Contribution
Brokers/Dealers (Out sourcing)	Execute trades



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External Organization	Contribution
Custodian (Bankers Trust /Treasury)	Hold all IIM and tribal securities for safekeeping, settle all trades (purchases or sales) and collect all interest payments Provide the following for IIM pool and tribal investments: <ul style="list-style-type: none">• Investment Information Services• Income accrual• Amortization• Accretion (opposite of amortization)
Treasury	Invest trust funds in Overnighter and provide interest earnings Serve as the government bank
Contractor (Investment accounting)	Provide ongoing analysis of investment portfolios Pool funds to make short term investments Sweep funds into short term (overnight) Treasury investments Determine purchases and sales and place orders to purchase or redeem securities Calculate Overnighter investment amount and call into Treasury for Overnighter investment. Verify income payable for the day and reconcile differences from the previous day Monitor security buys/sells, calls/maturities. Determine monthly interest earnings used in the IIM interest factor

- 5. Event(s)** Identify the events or conditions that start the process. Describe each event and indicate the frequency (daily, monthly, quarterly, etc.) in which each event is expected to occur. An event may be an external interaction (a beneficiary submits an application), the expiration of a period of time (a lease is due to expire in 90 days), or the realization of some pre-defined threshold (an IIM account reaches the automatic disbursement threshold).

Event	Description	Estimated Frequency
Need to disburse funds	Sale of securities is required to raise funds to meet disbursement needs	Daily
Receive an ad-hoc request for investments	Special instructions from authorized personnel	As needed



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6. Inputs and Outputs. Identify and describe all inputs and outputs related to this process. Inputs are information or materials used during the execution of the process; outputs are materials or information produced by the process.

6.1 Inputs

Input	Description
Account balances	Funds in accounts which have to be invested "overnight" or in longer term investments
Investment strategy options	Options which outline the manner in which a beneficiary would like their money invested
Disbursement requests	Tribal request for disbursements

6.2 Outputs

Output	Description
Treasury transmittal	Authorization to pay for this security
Trade advice	Verification of trade execution from broker
Updated pool balances	Pool balances reflecting results of purchase and sales

7. Fiduciary and Legal Obligations and Controls

7.1 Obligations

Identify and describe the legal and fiduciary obligations that impact this process. For each obligation, indicate the document or commitment that defines the obligation and the citation (paragraph or section) within the document that pertains to this process.

Obligation	Source	Business Impact
Regulations on deposit, care, and investment of Indian Moneys	25 USC (United States Code) 161,162	Prescribes allowable trust investments for Indian trust funds held by the U.S. Government.
Regulations on unclaimed per capita accounts	Public law 87-283	Manage and invest fund assets to provide prudent rates of return
Mandated requirements for Trust Assets Management	Trust Reform Act (Public Law 103-412)	Accountability for trust funds



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Obligation	Source	Business Impact
Regulations for carrying out the trust duties to manage and administer trust assets	25 CFR 115	Subpart F 702 –800: Types of funds that can be received into trust; tribal accounts, withdrawals, investments, liquidations Subpart H: Earnest money
Guidance on cash & investment transactions	Treasury regulations	Safeguard trust assets

7.2 Controls

Identify and describe any controls (enforcement mechanisms) that may be used to ensure that the process adheres to obligations and internal process requirements. Controls may be reviews, audits, segregated duties, etc. Indicate the reason that each control should be introduced (name the obligation that a control is intended to enforce; indicate any controls required to ensure consistency or reliability).

Control	Reason	Description
Department Order No.3215	External	Principles for the discharge for the Secretary's trust responsibility
OTFM Manual Part 220.4	Internal	Policies, procedures and operations manuals pertaining to the management of the Indian trust fund
Inter-Agency Handbook	Internal	OTFM/BIA procedures
Audits	External	Ensure compliance to standards
Reconciliation	Internal	Perform daily reconciliation

8. Mechanisms (Systems of Record) Identify the mechanisms, or systems, that are needed to support the process (ex: Ownership, Leasing, Workflow Management, Office Filing System, etc.). Indicate the information and activities, relevant to this process, that each system supports.

System Name	Support
Trust Accounting / Investment System	Contains account information and balances Portfolio modeling Account investment options
Investment research system	Provides third party description of security; provides other economic and current market data



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System Name	Support
Investment performance measurement system	Provides investment performance for accounts. Accounts investments are compared to a wide-range of indices and calculated on a time-weighted basis

9. Inter-Process Relationships Identify other trust processes that are related to this process (either predecessors or successors). If applicable, indicate the condition under which the processes are related.

9.1 Predecessors. Predecessors are processes that either produce information required by this process or that result in the need to execute this process.

Process No.	Name	Condition of Relationship
B.6.1	Provide Counsel on Asset Options	Provide information about beneficiary investment options
FO.1	Receipt of Funds	Funds are invested if the beneficiary has selected an investment strategy

9.2 Successors. Successors are processes that either use information produced by this process or that must be executed as a result of performing this process.

Process No.	Name	Condition of Relationship
FO.3	Disbursements	Disburse funds for the investment and update the account balance

10. Comments Summarize any discussion, problems, issues or recommendations that should be considered when reviewing process performance. Category Values (Note, Best Practice, Decision, Problem, Issue, Recommendation)

Category	Comment
Issue	Currently, investment options are limited to IIM restricted accounts. Offering of investment options to unrestricted IIM accounts would require changes in regulations.
Recommendation	There should be minimum account thresholds.